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State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director
JOHN R. BAZA
Division Director

Supervisor _____

Inspection Report
Minerals Regulatory Program
Report Date: September 13, 2006

Mine Name: Velvet
Operator Name: U. S. Energy

Permit number: M0370040
Inspection Date: August 29, 2006
Time: 2:00-4:40 PM (returned on the morning of August 30 to use the GPS and determine acreages)

Inspector(s): Paul Baker
Other Participants: Fred Craft
Mine Status: Reclaimed

Weather: Clear, 70s

Elements of Inspection	Evaluated	Comment	Enforcement
1. Permits, Revisions, Transfer, Bonds	☒	☒	☐
2. Public Safety (shafts, adits, trash, signs, highwalls)	☒	☐	☐
3. Protection of Drainages / Erosion Control	☒	☒	☐
4. Deleterious Material	☐	☐	☐
5. Roads (maintenance, surfacing, dust control, safety)	☐	☐	☐
6. Concurrent Reclamation	☐	☐	☐
7. Backfilling/Grading (trenches, pits, roads, highwalls, shafts, drill holes)	☒	☐	☐
8. Water Impoundments	☒	☐	☐
9. Soils	☐	☐	☐
10. Revegetation	☒	☒	☐
11. Air Quality	☐	☐	☐
12. Other	☐	☐	☐

Purpose of Inspection:
It has been three growing seasons and nearly three years since the site was seeded, so the primary purpose of the inspection was to determine whether the vegetation meets release criteria.

Inspection Summary:
1. Permits, Revisions, Transfer, Bonds
The Division currently holds a reclamation surety in the amount of $23,400.00, and it is now due to be adjusted.

3. Protection of Drainages / Erosion Control
There has been a moderate amount of erosion off the waste pile outslope. Much of the sediment has been caught in the terraces, but some has gone into the drainage.

10. Revegetation
I measured vegetation cover by ocular estimation in three areas: the mine and access road, the pond and access road, and in an area that was mostly undisturbed but did show some signs of disturbance (reference area).

On August 30, I came back to the mine and used a GPS to measure the acreages of the access road and the main portal/pad/waste dump area. I used these numbers to weight the vegetation cover figures. The attached map shows the mapped area and the acreage figures.

Mean vegetation cover on the access road was 38.0 percent, and in the mine area it was 7.3 percent. The weighted mean for this area is 8.9 percent.

The top of the pad (Photo 1) had more cover than the outslope (Photos 2-3), but it was not as good as in the past. There were a few areas on the outslope with some very large fourwing saltbush plants, but there was otherwise little cover. In spite of the terraces, there were some erosion problems.

Vegetation cover along the road leading to the pond was 12.6 percent, and cover in the pond area itself was 28.8. I did not attempt to weight these values.

I did not measure vegetation cover at the vent shafts, but these areas looked very good (Photos 5-7).

The mine plan says the vegetation cover prior to disturbance was 15 percent. I measured vegetation cover in an area surrounded by pinyons and junipers that I originally thought was undisturbed, but I believe there may have been some exploration drilling in the past. I wanted an area with rocky soils that was not dominated by pinyons and junipers, and this was the closest I could find. The mean cover value in this area was 16.2 percent which compares well with the value in the mine plan.

Conclusions and Recommendations:
According to the baseline information in the plan, the revegetation success standard is 10.5 percent cover. It appears the treatment pond, ventilation shafts, and associated roads meet this standard. The mine area does not meet the standard at this time.

I suggest that the operator apply for full release of the areas where vegetation cover appears to be adequate. At the mine site, the amount of vegetation on top of the pad has decreased markedly over the past year, possibly due to a large increase in the number of rabbits. When the rabbit population stabilizes, this area may recover.

There are a few areas on the waste pad outslope with good cover, but, for the most part, this area has very little vegetation. Volunteer vegetation may eventually invade this area, but this might take several years. I suggest that the operator re-roughen the slope and reseed it this fall. Roughening the area should decrease the erosion control problem.

The reclamation surety is due to be adjusted this year. The escalation and partial release could be linked so the surety only has to be adjusted one time.

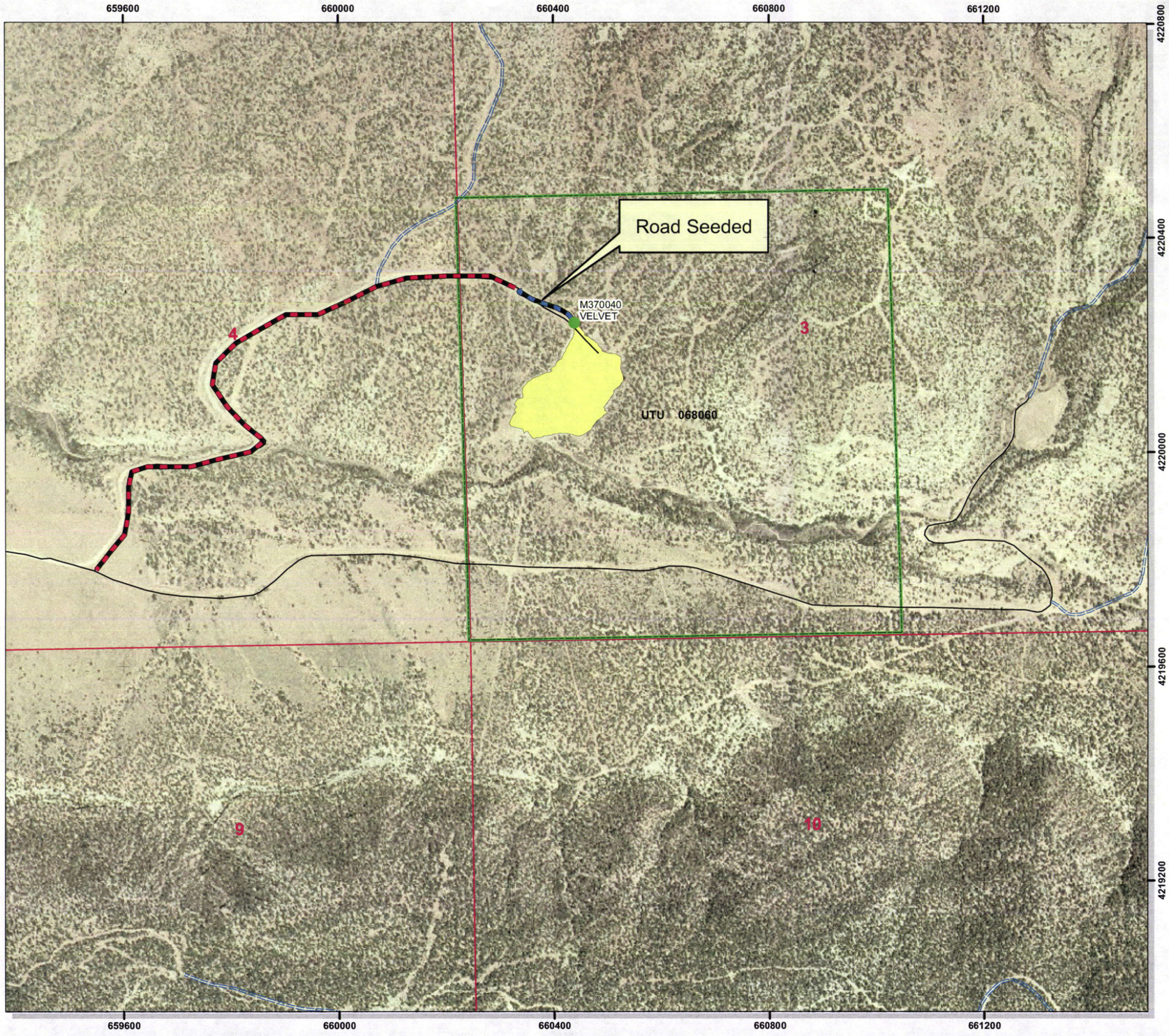
Inspector's Signature PBB PL **Date:** 9/13/06

PBB:pb
cc: Fred Craft, U. S. Energy
Ted McDougall, Monticello BLM
Attachment: GPS & Photos

Photo 5. The circled area is the site of one of the vent shafts.

Photo 6. This is the area where another vent shaft was located.

Photo 7. One of the roads leading to the vent shafts.



Mine Number: M0370040
Mine Name: Velvet
Township 31 S Range 25 E Section 03 SLBM

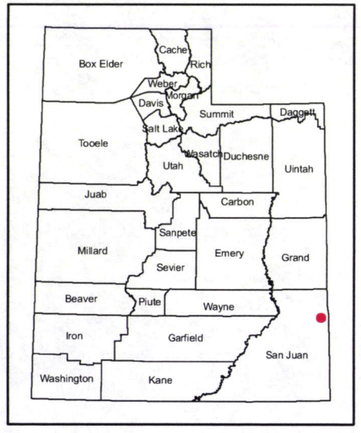
Inspection Date Aug. 30, 2006
Map Produced by DKS

Acres Disturbed	0
Acres Regraded	0
Acres Seeded	6.17
Road Acres Disturbed	0.35
Total Acres Distrubed	6.52
Acres Released	0
Acres Excluded	0
Acres PreExisting	0
Acres Prelaw	0

Legend
All items symbolized in legend may not be appear on map

- County Boundary
- Access
- Mine
- NonMine
- Reclaimed
- Other
- Interstate
- US Route
- State Route
- Primary Route
- Secondary Route
- Main Dirt Road
- Unimproved Road
- Interchange
- Trail
- Township or range Line
- Township or range line: location doubtful
- Section line
- Section line: location doubtful
- Disturbed
- Regraded
- Seeded
- Released
- Excluded
- PreExisting
- Prelaw
- Bond Area
- SITLA Mineral Leases
- BLMSalableMinerals
- CommunityPit
- SITLA Mineral Ownership

DOQ imagery date 2004



UTAH DNR OIL, GAS & MINING

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W E
S

0 625
Feet
1:7,500 1 inch equals 625 feet
Verify Scale

Different data sources and input scales may cause misalignment of data layers. This product may not meet DOGM standards for accuracy and content.

Dept. of Natural Resources
Division of Oil, Gas, and Mining
Mineral Mines Program